Application Procedure

Adjusted Gross Revenue insurance is available through private crop insurance agents. A list of agents may be obtained from the local USDA Farm Service office.

The insurance period covers risk during the agricultural commodity's production cycle and begins on January 1 for calendar year tax filers. Farm owners or operators must apply for coverage on or before the closing date, January 31, to be insured for the current year. For new applicants, the insurance period does not begin until 10 days after the insurance provider receives a properly completed application.

Applications must be signed by the producer and include an Annual Farm Report. The Annual Farm Report is used to establish the producer's AGR (average annual farm revenue) upon which the insurance is based.

Applications must also identify the amount of revenue coverage chosen. A producer may select a coverage level of 65, 75 or 80% and a payment rate of 75 or 90%. To qualify for coverage levels greater than 65% and payment rates higher than 75%, the producer needs to meet crop/commodity diversification requirements. Electing a coverage level above 65% requires an Agricultural Commodity Profile be submitted to the insurance provider in the initial year.

Information Needed

An Annual Farm Report is required by the sales closing date for each year of coverage. It includes reports on revenue and intended production for the insurance year.

For new applicants, the Revenue Report must show allowable income and expenses from the five consecutive tax years which immediately precede the current insurance year. This information is supported with copies of the farmer's IRS tax returns. Only information from the most recent tax year is needed by individuals reinsuring.

The Intended Agricultural Commodity Report lists the individual crops the farmer intends to plant for the coming year. It also provides estimates of anticipated commodity production levels and income for the insurance year.

The Agricultural Commodity Profile is needed if higher coverage levels are elected. This profile shows acreage and market data for commodities produced during the five tax years in the Revenue Report.

Photo courtesy of N. Haddad, UNH Cooperative Extension

Filing a Claim

Coverage is provided against farm revenue loss due to unavoidable natural disasters and market fluctuations occurring during the business year. Payments are not made for losses resulting from abandonment, negligence, mismanagement or wrongdoing by the producer or the producer's family. As with other crop insurance policies, the farmer is expected to follow recognized good farming practices for the locale.

A loss payment is triggered when adjusted gross income for the insured year falls below the AGR times the selected coverage level. The difference between these two calculations is the revenue shortfall. The producer is paid an indemnity equal to the revenue shortfall times the payment rate selected at the time of application.

The farmer must submit a claim for the indemnity declaring the amount of loss no later than 60 days after filing income tax forms for the insurance year. A copy of the farmer's Schedule F and Form 1040 for the current year must be submitted to the insurance provider.

When a loss occurs, cash basis allowable income for the insurance year is converted to an accrual basis when calculating the indemnity payment. Accrual adjustments account for changes in accounts receivable as well as inventories of animals and commodities held for sale.

How the Program Works

Adjusted Gross Revenue (AGR) is a pilot, whole farm insurance program developed by the USDA Risk Management Agency. Policies are sold and administered through private insurance companies like traditional crop insurance. However unlike crop insurance, AGR provides coverage for multiple commodities under one contract.

Adjusted Gross Revenue insurance protects against loss of farm revenue due to natural disasters and market fluctuations. Covered farm revenue includes income from most crops and agricultural commodities with a limitation placed on revenue from livestock and animal products.

A producer's AGR is the guaranteed revenue for the insurance period and is based on past tax returns. At application, a producer selects the desired coverage level and payment rate. If adjusted gross income for the year falls below the guaranteed revenue times the coverage level, then the producer is paid an indemnity equal to the revenue shortfall times the payment rate.

In order to be eligible, a producer's farm must be located in the pilot area. In addition the producer must have filed Federal income tax returns under the same entity for five consecutive years. Individual policies for major crops may also need to be utilized if more than 50% of income is expected from a crop insurable under existing plans.

Did You Know?

Adjusted Gross Revenue

- Is a new whole farm program that insures annual farm revenue
- Covers multiple crops in one policy
- Protects against both natural disaster and market losses
- Is available to fiscal year filers
- Covers up to 35% of farm revenue from livestock and livestock products
- Allows a farm's insured revenue to be increased for expanding operations
- Is available throughout New England as well as in many Northeast states
- Compliments other crop insurance plans by coordinating protection and benefits

New Hampshire
Department of Agriculture, Markets & Food

University of New Hampshire
Cooperative Extension

Understanding Crop Insurance

Adjusted Gross Revenue

Risk Management
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